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National Institutes of Health
National Human Genome Research Institute
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Dear Francis, Robert, Martin, and Harold:

I am responding to your letter of February 28, 2000. A preliminary question involves your current motivations. While I would like to believe that the purpose for your letter involves furthering good faith efforts toward collaboration, various aspects of the letter indicate the opposite. It presents a one-week ultimatum, reflecting an apparent disregard for the fact that, as my office informed you, I have been entirely unavailable travelling during the past few weeks (the exception being the one day I was in Washington during that period when you were unable to meet with me). While I do not understand the need for your deadline, Celera has no interest in obstructing or delaying the public effort.

I am also concerned by the implications of the release of your letter to the press prior to my return and response. This obviously conflicts with what I thought we both agreed would be important to reaching agreement in this complex area -- avoiding public posturing and contention. While Celera has no issue with publicly standing behind its position, I trust you anticipated the consequences of releasing to the press your selective perspectives on our discussions. If you disfavor collaboration, a simple "no thank you" will suffice.

Speaking for Celera, we continue to be interested in pursuing good faith discussions toward collaboration. Assuming that there is a reciprocal interest in good faith discussions and given the recent misinformation, let me reiterate Celera's consistent position.

As documented in the June 5, 1998 issue of *Science*, Celera's goal is to both discover and broadly disseminate the human genome sequence. Given the costs and value of this effort, we attempted to clarify a dissemination model that is fair and reasonable. Particularly for pure research applications, we foresee information being released at little or no cost to the end user. For those looking to use our information to their financial benefit, we are unapologetic in seeking a reasonable return for our efforts. At the same time, and as distinguished from the business models of many of our competitors, we anticipate broadly disseminating information without the inherent deterrent of requiring database users to pay onerous royalties on the discoveries they make with our data (often referred to as "reach-through" royalties). We have already entered into several third-

party agreements that bind us to this. We will continue to react unfavorably to claims that Celera's intends to withhold information and delay progress, particularly when our fundamental mission is to accelerate the dissemination of information.

As you know, our meeting with you on December 29, 1999 grew out of a series of discussions with Eric Lander of the Whitehead Institute. These discussions produced some reasonable goals and the potential basis of a sound agreement. Unfortunately, Dr. Lander was not a member of your negotiating team and the scope of the December 29 meeting changed dramatically. Much of the discussion was based on hypothetical scenarios that had little to do with the earlier discussions. As a result, a number of points in your letter dramatically misstated Celera's position. For example, your discussion of our needs for intellectual property protection is quite distorted. We stated a need for data protection in response to your assertion that your researchers should have total access to all of Celera's data at their laboratories, including our electrophoretic files. These data are of significant commercial importance and we naturally responded that we would need sufficient protection for them. You have now asserted that Celera's intellectual property protections made in response to your requirement are inhibitions to the collaboration.

Our collaboration with Dr. Gerald Rubin of Berkeley on the *Drosophila* genome has been a model that has been remarkably productive. The terms of that agreement were reviewed and approved by Dr. Collins, Dr. Varmus, and representatives of the Wellcome Trust. Despite your recent actions we remain hopeful that collaboration on similar terms can be achieved for the human genome.

Let me restate Celera's position on the terms of collaboration:

- As with the *Drosophila* genome, Celera will assemble the human genome with its own data. Public data will be used for comparative purposes. As demonstrated with *Drosophila*, excellent assembly was achieved without the public rough draft data. However, Celera is prepared to assemble a consensus human genome using its data and the data produced by the public human genome project. As with the *Drosophila* genome, scientists from the public sequencing labs would be welcome to come to Celera and verify these data and to analyze the resulting genome.
- As with the *Drosophila* genome, joint publications would be produced describing the finished human genome.
- The finished genome consensus sequence would be available to all researchers. We believe a web-based version at Celera's site is an appropriate balance between an open distribution and a protection of our commercial interests. We have also discussed a DVD version and we are open to that option.
- Researchers would be free to use the published data in their research at no cost.
- The only restriction that Celera has ever requested is that other database providers would be prohibited from providing or selling Celera's data as their own. We

certainly agree that if the public project wanted to publish a version of the genome that did not depend in any way on Celera data we would have no objection to your distribution of those data.

While it is not our preference to negotiate this collaboration through the media, we feel compelled to release this letter to the media in order to correct the misconceptions created by your released letter.

We believe that speed is essential for completing the genome. Its completion is the beginning of a new era in medicine that many lives depend on. The research that follows is far more important than squabbles over credit for its completion. Our consistent goal has been to pursue alternatives that will benefit science and the public while at the same time fulfilling our obligations to our shareholders and fairly rewarding them for their investment.

Sincerely,

A handwritten signature in black ink, appearing to be 'J. Craig Venter', written over a horizontal line.

J. Craig Venter, Ph.D.
President

cc: E. Lander
M. Hunkapillar
A. Levine
T. White